



Town of Arlington Notice of Meeting

In accordance with the provisions of Massachusetts General Laws,
Chapter 39, Section 23B, notice is hereby given of a meeting of the:

Finance Committee

Wednesday, March 23, 2022

7:30 p.m. – 10 p.m.

Conducted by Remote Participation - Zoom Meeting

AGENDA ITEMS:

1. 7:30 PM Virtual Open Meeting protocol and roll call
2. 7:35 PM Chair's Comments
3. 7:40 PM Minutes for approval
4. 7:45 PM Hearing on Warrant Article No. 25 – Early Voting for Town Elections
 - Town Clerk Juli Brazile, Election Modernization Committee Chair Greg Dennis
5. 8:30 PM Water & Sewer Enterprise Fund (Gibian)
6. 9:30 PM (26) Insurance (Kellar)
7. 9:50 PM Old Business
8. 9:55 PM New Business
9. 10:00 PM Adjourn

Register in advance for this meeting: <https://town-arlington-ma-us.zoom.us/meeting/register/tZ0rcumppjIqHtB9a9lQqpBb-al3YGMX4GYh>

After registering, you will receive a confirmation email containing information about joining the meeting.

Members of the public are asked to send written comments to tbradley@town.arlington.ma.us

Documents regarding agenda items will be made available via the Town's website.

Information regarding Order Suspending Certain Provisions of the Open Meeting Law:
<https://www.mass.gov/doc/order-suspending-certain-provision-of-open-meeting-law/download>

Reference 1: Insurance Packet & Workers Compensation Schedule 20220322

Reference 2: Workers Compensation Thread 20220316

By Charlie Foscett, Chairman Finance Committee

	2020 Actual	2021 Actual	2022 Budget	2023 Budget	\$ Change	% Change
0191487 GROUP HEALTH INSURANCE						
5245 EXP: WORKERS COMP	500,679	536,662	540,000	580,000	40,000	7.41%
5700 MEDICARE PENALTY	12,610	12,410	15,000	15,000	0	0.00%
5703 OPT OUT PROGRAM	227,018	215,306	217,996	205,996	(12,000)	-5.50%
5704 INSURANCE:GROUP HEALTH	15,602,975	16,552,722	18,046,412	19,321,552	1,275,140	7.07%
5705 INSURANCE: GROUP LIFE	85,192	85,962	95,069	99,823	4,754	5.00%
5706 MEDICARE PAYROLL TAX	1,372,798	1,420,574	1,490,992	1,659,715	168,723	11.32%
5709 FLEXIBLE BENEFIT PLAN	39,029	34,886	38,880	38,880	0	0.00%
578027 EMPLOYEE MITIGATION	-	-	-	50,000	50,000	-
0191487 GROUP HEALTH INSURANCE APPROPRIATION TOTAL	17,840,302	18,858,521	20,444,349	21,970,966	1,526,617	7.47%
OFFSETS	(703,268)	(708,089)	(773,999)	(754,180)	19,819	-2.56%
0191487 GROUP HEALTH INSURANCE TAXATION TOTAL	17,137,034	18,150,432	19,670,350	21,216,786	1,546,436	7.86%
0191488 LIABILITY INSURANCE						
5702 UNEMPLOYMENT COMPENSATION	46,356	144,869	150,000	150,000	0	0.00%
5750 INSURANCE: OFFICIALS LIABILITY	66,766	56,258	55,000	55,000	0	0.00%
5751 PROPERTY INSURANCE	299,505	344,788	358,000	375,900	17,900	5.00%
0191488 LIABILITY INSURANCE APPROPRIATION TOTAL	412,628	545,915	563,000	580,900	17,900	3.18%
OFFSETS	(20,625)	(20,625)	(20,625)	(20,625)	0	0.00%
0191488 LIABILITY INSURANCE TAXATION TOTAL	392,003	525,290	542,375	560,275	17,900	3.30%

Health Insurance Offsets Calculation FY 2023

FY23		FY23	Recommended	FY-23
		Health Cost	Offset Percent	Offset
1)	Select Board	102,522	15.18%	15,561
2)	Town Manager	65,266	15.18%	9,906
3)	Personnel	25,717	15.18%	3,904
4)	Information Technology	130,814	15.18%	19,855
5)	Comptroller	101,424	15.18%	15,394
6)	Treasurer/Collector	144,953	15.18%	22,001
7)	Legal	93,689	15.18%	14,220
8)	Administration	207,012	50.00%	103,506
9)	Engineering	65,039	62.00%	40,325
10)	Highway (without S.Waste)	420,731	20.00%	84,147
11)	MER	135,570	30.00%	40,671
12)	Water Division	237,927	100.00%	237,927
13)	Total 1) - 12)	1,730,664		607,417
14)	HEALTH Offset - Sewer (50% of #13)			303,709
15)	HEALTH Offset - Water (50% of #13)			303,709
	Water & Sewer Enterprise Subtotal			607,418

Other Insurance Costs charged directly to Enterprise Fund & Retirement Office

Recreation	65,980	1.0000	65,980
Ed Burns Arena	32,117	1.0000	32,117
Retirement	48,665	1.0000	48,665
Other Enterprise & Retirement Subtotal			146,762

Total Health Insurance Offset	754,180
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Note: Departmental health insurance costs include current employees and retirees

FY2022 Group Health Projection

(9)

FY 2022 Appropriation	Expended year to date		Projected Total FY2022	Anticipated Projected Balance
\$ 15,000.00	\$ 9,588.24	medicare penalty	\$ 13,058.28	\$ 1,941.72
\$ 217,996.00	\$ 117,333.61	opt out program	\$ 202,817.99	\$ 15,178.01
\$ 18,052,152.00	\$ 11,777,775.42	group health	\$ 17,748,515.70	\$ 303,636.30
\$ 1,490,992.00	\$ 980,664.76	medicare withhold	\$ 1,561,349.58	\$ (70,357.58)
\$ 95,069.00	\$ 66,953.70	group life	\$ 89,288.10	\$ 5,780.90
\$ 42,910.50	\$ 22,674.03	flex/hra admin fee	\$ 39,018.42	\$ 3,892.08
\$ 19,914,119.50	\$ 12,974,989.76		\$ 19,654,048.07	\$ 260,071.43

Month	Medicare Penalty	Opt Out	Group Life	Flex/HRA Admin	Group Health	Medicare Withhold
July	\$ 1,024.65	\$ 7,430.59	\$ 7,395.30	\$ 3,561.15	\$ 1,469,516.24	\$ 81,995.94
August	\$ 1,024.65	\$ 9,692.16	\$ 7,380.45		\$ 1,472,859.36	\$ 97,718.68
September	\$ 1,024.65	\$ 28,356.34	\$ 7,261.65		\$ 1,436,892.28	\$ 111,600.51
October	\$ 1,024.65	\$ 11,267.22	\$ 7,113.15	\$ 2,740.75	\$ 1,445,417.96	\$ 127,982.04
November	\$ 1,009.80	\$ 10,190.34	\$ 7,583.40		\$ 1,488,789.13	\$ 115,277.79
December	\$ 1,009.80	\$ 31,247.08	\$ 7,558.65		\$ 1,492,685.07	\$ 181,703.59
January	\$ 1,156.68	\$ 9,574.94	\$ 7,682.40	\$ 10,154.18	\$ 1,486,963.33	\$ 127,402.12
February	\$ 1,156.68	\$ 9,574.94	\$ 7,321.05	\$ 3,180.80	\$ 1,484,652.05	\$ 136,984.09
March	\$ 1,156.68	\$ 27,921.10	\$ 7,657.65	\$ 3,037.15	\$ 1,492,685.07	\$ 126,924.41
April	\$ 1,156.68	\$ 12,651.82	\$ 7,459.65		\$ 1,492,685.07	\$ 131,139.45
May	\$ 1,156.68	\$ 11,421.10	\$ 7,395.30	\$ 10,651.50	\$ 1,492,685.07	\$ 123,630.99
June	\$ 1,156.68	\$ 33,490.36	\$ 7,479.45	\$ 5,692.89	\$ 1,492,685.07	\$ 198,989.97
YTD Actual	\$ 9,588.24	\$ 117,333.61	\$ 66,953.70	\$ 22,674.03	\$ 11,777,775.42	\$ 980,664.76
EOY Projected	\$ 13,058.28	\$ 202,817.99	\$ 89,288.10	\$ 39,018.42	\$ 17,748,515.70	\$ 1,561,349.58

*March-June
Added 10% on 21
Actuals for EOY
Projection

Updated 3/10/2022

ENROLLMENT BREAKDOWN OF GIC PLANS DECEMBER 2020 TO DECEMBER 2021

Plan Name	Premium	Town	Employee	21-Dec	20-Dec	Change	ind	fam		
FALLON DIRECT FAMILY	1938.75	1551.00	387.75	3	4	-1			-1	-18,612.00
FALLON DIRECT FAMILY 75/25	1938.75	1454.06	484.69	5	4	1			1	17,448.75
FALLON DIRECT INDIVIDUAL	811.39	649.11	162.28	3	5	-3		-3		-23,368.03
FALLON DIRECT INDIVIDUAL 75/25	811.39	608.54	202.85	14	14	0		0		0.00
FALLON DIRECT SURVIVOR INDIVIDUAL - 50/50	811.39	405.70	405.70	0	0	0		0		0.00
FALLON SELECT FAMILY	1938.75	1551.00	387.75	6	6	0			0	0.00
FALLON SELECT FAMILY 75/25	1938.75	1454.06	484.69	1	1	0			0	0.00
FALLON SELECT INDIVIDUAL	811.39	649.11	162.28	4	5	-1		-1		-7,789.34
FALLON SELECT INDIVIDUAL 75/25	811.39	608.54	202.85	4	6	-2		-2		-14,605.02
HARVARD INDEPENDENCE FAMILY	2543.63	2034.90	508.73	79	78	1			1	24,418.85
HARVARD INDEPENDENCE FAMILY- 75/25	2543.63	1907.72	635.91	30	26	4			4	91,570.68
HARVARD INDEPENDENCE INDIVIDUAL	1036.03	828.82	207.21	49	55	-6		-6		-59,675.33
HARVARD INDEPENDENCE INDIVIDUAL- 75/25	1036.03	777.02	259.01	28	20	8		8		74,594.16
HARVARD INDEPENDENCE SURVIVOR FAMILY - 50/50	2543.63	1005.55	1005.55	1	1	0			0	0.00
HARVARD INDEPENDENCE SURVIVOR INDIVIDUAL - 50/50	1036.03	518.02	518.02	1	1	0		0		0.00
HARVARD PRIM CHC FAMILY	1909.58	1623.14	286.44	75	83	-8			-8	-155,821.73
HARVARD PRIM CHC FAMILY 75/25	1909.58	1432.19	477.40	42	41	1			1	17,186.22
HARVARD PRIM CHC INDIVIDUAL	746.72	634.71	112.01	30	34	-4		-4		-30,486.18
HARVARD PRIM CHC INDIVIDUAL 75/25	746.72	560.04	186.68	61	51	10		10		67,204.80
HARVARD PRIM CHC SURVIVOR INDIVIDUAL - 50/50	746.72	373.36	373.36	0	0	0		0		0.00
HEALTH NEW ENG FAMILY	1602.13	1361.81	240.32	0	0	0		0		0.00
ALLWAYS/NHP CARE FAMILY	2211.64	1879.89	331.75	24	26	-2			-2	-45,117.46
ALLWAYS/NHP CARE FAMILY 75/25	2211.64	1658.73	552.91	21	20	1			1	19,904.76
ALLWAYS/NHP CARE INDIVIDUAL	844.47	717.80	126.67	13	12	1		1		8,613.59
ALLWAYS/NHP CARE INDIVIDUAL 75/25	844.47	633.35	211.12	26	31	-5		-5		-38,001.15
TUFTS NAVIGATOR FAMILY	2183.16	1745.53	436.63	92	94	-2			-2	-41,916.67
TUFTS NAVIGATOR FAMILY-75/25	2183.16	1637.37	545.79	82	61	21			21	412,617.24
TUFTS NAVIGATOR INDIVIDUAL	891.16	712.93	178.23	48	53	-5		-5		-42,775.68
TUFTS NAVIGATOR INDIVIDUAL-75/25	891.16	668.37	222.79	71	61	10		10		80,204.40
TUFTS NAVIGATOR SURVIVOR INDIVIDUAL- 50/50	891.16	445.58	445.58	3	3	0		0		0.00
TUFTS SPIRIT FAMILY	1634.54	1389.36	245.18	10	13	-3			-3	-50,016.92
TUFTS SPIRIT FAMILY 75/25	1634.54	1225.91	408.64	16	17	-1			-1	-14,710.86
TUFTS SPIRIT INDIVIDUAL	675.73	574.37	101.36	12	13	-1		-1		-6,892.45
TUFTS SPIRIT INDIVIDUAL 75/25	675.73	506.80	168.93	53	52	1		1		6,081.57
UNICARE BASIC FAMILY	2752.65	2064.49	688.16	19	16	3			3	74,321.55
UNICARE BASIC INDIVIDUAL	1239.09	929.32	309.77	28	29	-1		-1		-11,151.81
UNICARE COMM CHC FAMILY	1553.41	1242.73	310.68	12	13	-1			-1	-14,912.74
UNICARE COMM CHC FAMILY 75/25	1553.41	1165.06	388.35	22	20	2			2	27,961.38
UNICARE COMM CHC INDIVIDUAL	623.83	499.06	124.77	7	7	0		0		0.00
UNICARE COMM CHC INDIVIDUAL 75/25	623.83	467.87	155.96	20	25	-5		-5		-28,072.35
UNICARE PLUS FAMILY	1938.75	1551.00	387.75	16	17	-1			-1	-18,612.00
UNICARE PLUS FAMILY 75/25	1938.75	1454.06	484.69	17	13	4			4	69,785.00
UNICARE PLUS INDIVIDUAL	811.39	649.11	162.28	13	12	1		1		7,789.34
UNICARE PLUS INDIVIDUAL 75/25	811.39	608.54	202.85	29	23	6		6		43,815.06
Active Plans				1,090	1,067		23	4	19	421,009.64
FALLON SENIOR PLAN	0.00	0.00	0.00		0		0			0.00
HARVARD MEDICARE SENIOR PLAN	404.04	303.03	101.01	357	361	-4				-14,545.44
TUFTS MED COMPLT SENIOR PLAN	383.89	326.30	57.58	121	114	7				27,409.03
TUFTS MED PREFER SENIOR PLAN	325.13	276.36	48.77	59	58	1				3,316.33
UNICARE OME	399.86	299.80	99.97	367	368	-1				-3,586.74
Medicare Supplements				904	901		3			12,581.18
Opt Out - Individual	166.66	166.66		27	27		0			
Opt Out - Family	333.33	333.33		38	41		-3			
Grand Total				2,099	2,036		23			433,590.82
Opt Out Savings	Full	Town Share	Months	Net Annual Cost	Contracts	Savings				
HARVARD INDEPENDENCE FAMILY	2543.63	2034.90	12	20419	41	837172.768				
HARVARD INDEPENDENCE INDIVIDUAL	1036.03	828.82	12	7946	30	238376.64				
						\$1,075,549.41				

Fiscal Year 2023 Municipal Full Cost Health Insurance Rates

All rates effective July 1, 2022 and **include** the 0.30% Administrative Fee

Employee and Non-Medicare Retiree/Survivor Health Plans				
Health Product	Product Category	Product Type	Individual	Family
UniCare State Indemnity Plan/Basic with CIC	National Network	Indemnity	\$1239.09	\$2752.65
UniCare State Indemnity Plan/Basic without CIC	National Network	Indemnity	\$1179.92	\$2617.94
UniCare State Indemnity Plan/PLUS	Broad Network	PPO-type	\$811.39	\$1938.75
Tufts Health Plan Navigator	Broad Network	POS	\$891.16	\$2183.15
Harvard Pilgrim Independence Plan	Broad Network	POS	\$1036.03	\$2534.63
Health New England	Regional Network	HMO	\$669.71	\$1602.13
Allways Health Partners Complete HMO	Regional Network	HMO	\$844.47	\$2211.64
UniCare State Indemnity Plan/Community Choice	Narrow Network	PPO-type	\$623.83	\$1553.41
Tufts Health Plan Spirit	Narrow Network	HMO-type	\$675.73	\$1634.54
Harvard Pilgrim Primary Choice Plan	Narrow Network	HMO	\$746.72	\$1909.58

Medicare Plans			
Health Product	Product Category	Product Type	Individual
Tufts Health Plan Medicare Preferred	Medicare Advantage	HMO	\$345.42
Tufts Health Plan Medicare Complement	Medicare Supplement	Indemnity	\$406.02
UniCare State Indemnity Plan/Medicare Extension (OME) with CIC	Medicare Supplement	Indemnity	\$413.37
UniCare State Indemnity Plan/Medicare Extension (OME) without CIC	Medicare Supplement	Indemnity	\$402.01
Harvard Pilgrim Medicare Enhance	Medicare Supplement	Indemnity	\$423.97
Health New England Medicare Supplement Plus	Medicare Supplement	Indemnity	\$430.29

Municipal Retiree Dental Plan	
Coverage Type	Monthly retiree cost
Single	\$28.88
Family	\$69.57

Fiscal Year 2023 Full Cost Premiums: Non-Medicare



Key Insights

Network	Plan	Tier	Projected Enrollment*	FY22 Rates	FY23 Rates	% Increase Over FY22 Rates
Regional	HNE	Individual	5,326	\$628.13	\$667.71	6.3%
		Family	5,933	\$1,499.20	\$1,597.34	6.5%
	AllWays Health Partners Complete HMO	Individual	4,032	\$765.28	\$841.94	10.0%
		Family	3,844	\$1,998.69	\$2,205.02	10.3%
Narrow	UniCare Community Choice	Individual	8,540	\$591.76	\$621.96	5.1%
		Family	10,954	\$1,470.69	\$1,548.76	5.3%
	Tufts Spirit	Individual	3,098	\$636.49	\$673.71	5.8%
		Family	1,792	\$1,536.53	\$1,629.65	6.1%
	HPHC Primary Choice	Individual	4,930	\$695.52	\$744.49	7.0%
		Family	5,403	\$1,775.74	\$1,903.87	7.2%
Broad	UniCare Plus	Individual	7,715	\$779.26	\$808.96	3.8%
		Family	10,475	\$1,860.21	\$1,932.95	3.9%
	Tufts Navigator	Individual	13,033	\$833.73	\$888.49	6.6%
		Family	18,666	\$2,038.79	\$2,176.62	6.8%
	HPHC Independence	Individual	6,872	\$960.90	\$1,032.93	7.5%
		Family	9,375	\$2,347.91	\$2,527.05	7.6%
National	UniCare Basic w/o CIC	Individual	283	\$1,139.58	\$1,176.39	3.2%
		Family	242	\$2,527.29	\$2,610.11	3.3%
	UniCare Basic w/CIC	Individual	8,906	\$1,199.97	\$1,235.38	3.0%
		Family	5,453	\$2,664.78	\$2,744.42	3.0%

- Overall product portfolio seeing a range of premium changes over FY22
- **Regional products** are offered by provider-owned carriers; their premiums reflect their geographies and favorable contracted rates offered by their parent organizations
- **Limited network products** offer lower rates due to more efficient providers, and generally attract lower risk members
- **Broad network products** offer a range of premiums; premiums higher than limited products as network is more robust
- **National products** remain the most expensive; they offer the most generous benefits and maximum choice
- Member contribution for Unicare CIC is decreasing from \$60.39 to \$58.99 for Individuals, and from \$137.49 to \$134.31 for Families

*Enrollment counts as of July 2021

- Overall average Fiscal Year 2023 premium increase amongst Non-Medicare products is 6.2%
- The highest increase is 10.3% and the lowest is 3.0%
- UniCare Community Choice remains the lowest cost product followed by Health New England
- Rates are inclusive of proposed mental health parity changes

GIC	Town Share	Employee Share	Admin Fee	Adjustments	Total owed	Amount Paid
FY2022	0191487-5704	01-2159				
Jul-22	1,463,599.94	427,626.67	6619.29	1,025.60	1,898,871.50	1,898,871.50
Aug-22	1,460,278.52	427,009.96	6,605.50	4,349.51	1,898,243.49	1,898,243.49
Sep-22	1,432,429.16	419,364.96	6,481.28	-1,430.34	1,856,845.06	1,856,845.06
Oct-22	1,435,371.02	420,772.32	6,496.50	-2,108.47	1,860,531.37	1,860,531.37
Nov-22	1,477,229.05	434,793.49	1,040.02	6,692.07	1,919,754.63	1,919,754.63
Dec-22	1,484,979.14	423,997.03	5,197.42	-4,669.17	1,909,504.42	1,909,504.42
Jan-22	1,475,388.25	435,567.16	6,688.34	-2,666.33	1,914,977.42	1,914,977.42
Feb-22	1,468,666.15	436,612.52	6,668.48	-5,157.92	1,906,789.23	1,906,789.23
Mar-22	1,466,989.86	434,230.95	6,654.27	3,932.06	1,911,807.14	1,911,807.14
Apr-22	0.00			0.00	0.00	0.00
May-22	0.00			0.00	0.00	0.00
Jun-22				0.00	0.00	0.00
FY22	13,164,931.09	3,859,975.06			17,077,324.26	17,077,324.26
	Town Share	Employee Share	Admin Fee	Adjustments	Total owed	Total Paid

HEALTH INSURANCE RATES - JULY 1, 2022 GIC

FY23

HEALTH PLANS		Plans for: Current Employees							Plans for: Current Employees							Plans For: All New Hires after 12/1/2011							Survivor Monthly	"Cobra" Monthly Rates Includes 2%	Admin Fee
		(15% Contribution for HMO's)							(20% Contributions for PPO's/POS's)							(25% Contribution for Indemnity Plans)									
		Monthly	Town Monthly	Employee Monthly	Town Weekly	Employee Weekly	Town BiWeekly	Employee Bi Weekly	Town Monthly	Employee Monthly	Town Weekly	Employee Weekly	Town BiWeekly	Employee BiWeekly	Town Monthly	Employee Monthly	Town Weekly	Employee Weekly	Town BiWeekly	Employee Bi-Weekly					
		Rate	Rate	Rate	Rate *	Rate	Rate *	Rate	Rate	Rate	Rate *	Rate	Rate *	Rate	Rate	Rate	Rate *	Rate	Rate *	Rate	Rate				
Harvard Pilgrim Primary Choice	Individual	746.72	634.72	112.00	158.68	28.00	317.36	56.00	0.00	0.00	0.00	0.00	0.00	0.00	560.04	186.68	140.01	46.67	280.02	93.34	373.36	761.65			
Harvard Pilgrim Primary Choice	Family	1,909.58	1,623.18	286.40	405.80	71.60	811.59	143.20	0.00	0.00	0.00	0.00	0.00	0.00	1,432.22	477.36	358.06	119.34	716.11	238.68	954.79	1,947.77			
Health New England	Individual	669.71	569.27	100.44	142.32	25.11	284.64	50.22	0.00	0.00	0.00	0.00	0.00	0.00	502.31	167.40	125.58	41.85	251.16	83.70	334.85	683.10			
Health New England	Family	1,602.13	1,361.85	240.28	340.47	60.07	680.93	120.14	0.00	0.00	0.00	0.00	0.00	0.00	1,201.61	400.52	300.41	100.13	600.81	200.26	801.06	1,634.17			
Allyways Health Partners	Individual	844.47	717.83	126.64	179.46	31.66	358.92	63.32	0.00	0.00	0.00	0.00	0.00	0.00	633.39	211.08	158.35	52.77	316.70	105.54	422.23	861.36			
Allyways Health Partners	Family	2,211.64	1,879.92	331.72	469.98	82.93	939.96	165.86	0.00	0.00	0.00	0.00	0.00	0.00	1,658.76	552.88	414.69	138.22	829.38	276.44	1,105.82	2,255.87			
Tufts Health Plan Spirit	Individual	675.73	574.41	101.32	143.61	25.33	287.21	50.66	0.00	0.00	0.00	0.00	0.00	0.00	506.81	168.92	126.71	42.23	253.41	84.46	337.86	689.24			
Tufts Health Plan Spirit	Family	1,634.54	1,389.38	245.16	347.35	61.29	694.69	122.58	0.00	0.00	0.00	0.00	0.00	0.00	1,225.94	408.60	306.49	102.15	612.97	204.30	817.27	1,667.23			
Harvard Pilgrim Independence	Individual	1,036.03							828.83	207.20	207.21	51.80	414.42	103.60	777.03	258.00	194.26	64.75	388.52	129.50	518.01	1,056.75			
Harvard Pilgrim Independence	Family	2,534.63							2,027.71	506.92	506.93	126.73	1,013.86	253.46	1,900.99	633.64	475.25	158.41	950.50	316.82	1,267.31	2,585.32			
Tufts Health Plan Navigator	Individual	891.16							712.96	178.20	178.24	44.55	356.48	89.10	668.40	222.76	167.10	55.69	334.20	111.38	445.58	908.98			
Tufts Health Plan Navigator	Family	2,183.15							1,746.55	436.60	436.64	109.15	873.28	218.30	1,637.39	545.76	409.35	136.44	818.70	272.88	1,091.57	2,226.81			
UniCare Community Choice	Individual	823.83							499.07	124.76	124.77	31.19	249.54	62.38	467.91	155.92	116.98	38.98	233.96	77.96	311.91	636.31			
UniCare Community Choice	Family	1,553.41							1,242.73	310.68	310.69	77.67	621.37	155.34	1,165.09	388.32	291.28	97.08	582.55	194.16	776.70	1,584.48			
UniCare Plan/PLUS	Individual	811.39							649.15	162.24	162.29	40.56	324.58	81.12	608.55	202.84	152.14	50.71	304.28	101.42	405.69	827.62			
UniCare Plan/PLUS	Family	1,938.75							1,551.03	387.72	387.76	96.93	775.52	193.86	1,454.07	484.68	363.52	121.17	727.04	242.34	969.37	1,977.53			
UniCare Plan/Basic w/CIC	Individual	1,239.09													929.33	309.76	232.34	77.44	464.67	154.88	619.54	1,263.87			
UniCare Plan/Basic w/CIC	Family	2,752.65													2,064.49	688.16	516.13	172.04	1,032.25	344.08	1,376.32	2,807.70			
UniCare Plan/Basic wo/CIC	Individual	1,179.92													884.96	294.96	221.24	73.74	442.48	147.48	589.96	1,203.52			
UniCare Plan/Basic wo/CIC	Family	2,617.94													1,963.46	654.48	490.87	163.62	981.73	327.24	1,308.97	2,670.30			

Town Retirees and Mass Teachers - Medicare Plans
 GIC HEALTH INSURANCE RATES - JULY 1, 2022 FY23

HEALTH PLANS	Full Premium	(15% Contribution for HMO's*)			(25% Contribution)			Survivor Monthly Rate	"Cobra" Monthly Rates Includes 2% Admin Fee
		Town Monthly Rate	Retiree Monthly Rate	Retiree Weekly Rate	Town Monthly Rate	Retiree Monthly Rate	Retiree Weekly Rate		
Health New England Medicare Plus	430.29				322.73	107.56	26.89	215.14	438.90
Tufts Medicare Complement	406.02				304.54	101.48	25.37	203.01	414.14
Tufts Medicare Preferred	345.42	293.62	51.80	12.95				172.71	352.33
Harvard Pilgrim Medicare Enhance	423.97				318.01	105.96	26.49	211.98	432.45
UniCare OME/CIC	413.37				310.05	103.32	25.83	206.68	421.64
UniCare OME without CIC	402.01				301.53	100.48	25.12	201.00	410.05
Note: *Retirees after July 1, 2007: Contribution rate will not be less than their contribution rate as active employees.									

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Account

Fund	8860	HCTF	Acct	8860-0-0000-0000-00-00-0-NM-1040	
Org	886	HEALTH CLA	Acct name	CASH	
Object	1040	CASH	Type	Balance Sheet	Status Active
Project			Rollup		
			Sub-Rollup		
			<input type="checkbox"/> MultiYr Fund		

☐ Account Notes

[4 YEAR COMPARISON](#)
[HISTORY](#)
[4 YEAR GRAPH](#)
[HISTORY GRAPH](#)

Yr/Per 2022/09	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Original Budget	.00	.00	.00	.00
Transfers In	.00	.00	.00	.00
Transfers Out	.00	.00	.00	.00
Revised Budget	.00	.00	.00	.00
Actual (Memo)	1,753,237.70	2,049,648.85	2,316,674.50	876.58
Encumbrances	.00	.00	.00	.00
Requisitions	.00	.00	.00	.00
Available	.00	.00	.00	.00
Percent used	.00	.00	.00	.00

Display detail information for current account.

TOWN OF ARLINGTON
LEGAL DEPARTMENT

Administration of:
Workers' Compensation
Line of Duty Injuries



50 Pleasant Street
Arlington, MA 02476
781-316-3154
Fax: 781-316-3159

MEMO

To: Insurance Subcommittee
Adam Chapdelaine, Town Manager

From: Michael C. Cunningham

Re: FY22 Workers' Compensation Budget

Dated: March 17, 2022

A. Covered Employees

The Town is required to cover all full-time, part-time, temporary, seasonal and on-call employees pursuant to the provision of the Massachusetts Workers' Compensation law (General Laws Chapter 152). This includes all School Department employees but excludes Police Officers and Firefighters. Uniformed Police and Fire Department employees are covered by separate line-of-duty wage replacement and medical indemnity statutes. Injury related payments for police and fire are directed out of the respective departments but the entire claims handling process is managed through this department.

B. Present Status of the FY22 Budget

As of March 17, 2022, the Workers' Compensation budget has expended \$380,002.73 of its \$540,000 FY22 budget. These expenditures represent payments for weekly compensation indemnity benefits pursuant to Chapter 152, §34 (temporary total disability payments), §35 (temporary partial disability payments), §34A (permanent and total disability payments), §31 (widows benefits), §§13 & 30 (hospital and medical benefits) and departmental related costs.

The following information is provided pursuant to (and constrained by) the various state and federal privacy laws. The weekly indemnity payroll for FY22 to date has averaged \$7,252.95 and presently stands at \$8,244.46 per week. The present weekly amount is higher than last year and stretches the expected range of fiscal year budget projections. As expected, the weekly indemnity payroll has increased as more Town employees have returned to in-person

work. As for medical payments, they have averaged approximately \$2,945.79 per week. This amount also represents a significant increase over last year's average and is likely due, at least in part, to the resumption of non-pandemic related medical procedures and elective surgeries that were put off because of the strain on medical resources. The nature of workers' compensation coverage lends itself to medical and indemnity monetary deviations, but in the past two years, the wide reaching impacts of the pandemic have created more variability than ever. As expected, indemnity and medical costs have increased as pandemic related restrictions have eased and that has placed a burden on the FY22 budget.

An additional driver of costs in FY22 that is expected to continue into FY23, is that medical expenditures continue to be pressured by the increased use and availability of sophisticated medical diagnostics and treatment within the Town's geographic area. The Executive Office of Health and Human Services has statutory authority to establish rates of payment for hospitals and health care providers for services covered by insurers and other purchasers under the Workers' Compensation Act. While it is commonly accepted that rates will increase, there has been a general slowing in the percentage thereof. Under Massachusetts workers compensation law, a fiscal year payment for causally related medical treatment includes new claims as well as statutorily mandated payments that follow the injured employee whether active, inactive or retired.

In an effort to recoup paid costs, this department pursues subrogation claims, when appropriate, against third party tortfeasors. Subrogation claims are instituted against third parties whose conduct or actions either caused or contributed to an injury sustained by a Town employee. All subrogation recovery checks are made payable to the Town of Arlington and are forwarded to the Town Treasurer for deposit into the Town's General Fund. Additionally, the department regularly contests liability claims, resulting in significant direct cost and long term savings. Further cost savings to the Town are obtained through medical services bill negotiation and rate reduction for Town employee workers' compensation (including the School Department) and Police and Fire line-of-duty claims.

In an effort to anticipate further medical costs for the remainder of FY22, we note that at present, there are at least two Town employees who are scheduled or expected to undergo a work-related surgical intervention prior to the end of this fiscal year. So far in FY22, there have not been any lump sum settlement agreements, but there may be one, possibly two prior to the end of the fiscal year. All settlements are expected to be fair and reasonable and will help the Town reduce its weekly compensation indemnity payments.

Given the existing weekly indemnity payments, projected hospital, medical, rehabilitative costs, redemption of liability expense and pending litigation claims analysis, it is projected that it will be difficult for the department will stay within the limits of the FY 21 budget and a request for a reserve fund transfer may be appropriate.

There is presently \$2,947.59 remaining in the Workers' Compensation Reserve Fund. It is noted that transfers into the Fund are down significantly in FY22 to date, also likely related to COVID-19 related factors. WC Reserve Fund transfers into the Fund totaled \$35,198.07 in FY21 and \$119,292.71 in FY20. In addition to sound fundamental self-insurance claim reserves

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practice, another purpose of the Reserve Fund is to fund liability redemption for claims having occurred in previous fiscal years. A substantial portion of the present Reserve Fund is already dedicated to anticipated redemption of liability pending presentment before the Department of Industrial Accidents. There always exists a necessity to restore claim loss reserves to appropriate levels. Liability redemption and statutory functional loss reserve payments are anticipated to deplete the entire existing fund amounts by the end of this present fiscal year. It is therefore recommended that any remaining balance in the Workers' Compensation Expense Account at the end of FY22 be used to continue to adequately and appropriately fund the Workers' Compensation Reserve Fund as contemplated and allowed by the Workers' Compensation statute. Given the uneven nature of annual claim losses, this fiscally responsible practice has served the Town well for many years.

C. FY 2023 Budget

The following assumptions have been made: (1) the number of employees covered under the Massachusetts Workers' Compensation Act will remain essentially the same on both the School and Town side, (2) the nature and essential job functions of the existing employees will remain the same, (3) the number of "standard" hours worked by employees will remain the same, (4) the manual labor force employees' average standard overtime hours will remain constant given the Town's projected projects and winter storm conditions, (5) the average age of the Town employee will remain essentially the same, (6) given the present state of the economy, it is presumed that the maximum average weekly wage in the Commonwealth of Massachusetts will not increase greater than 3% above the existing \$1,694.24 [weekly indemnity ceiling set each October 1st by the Department of Industrial Accidents],¹ (7) Town and School District employee's average weekly wage increase will not exceed 3%, (8) the workers' compensation weekly indemnity statutory rate (60% of average weekly wage) will remain the same, (9) hospital/medical HHS reimbursement rates will not exceed the state's previously set 3.6% benchmark, and (10) the increase in the costs of non-rated medical services will not exceed ten percent.

Based on the assumptions set out above, as well as ongoing trends regarding increasing medical costs, it is requested that the Workers' Compensation budget, which has been set at \$540,000 per year since FY17 (with a one year decrease to \$500,000 in FY18) be considered for an increase of \$40,000 for FY23 (7.4%). The primary drivers for this requested increase include the increasing year over year costs of indemnity benefits to employees injured on the job and the ongoing difficulty in managing medical costs that are outpacing budgetary allowances. It is also noted that some types of medical services are increasingly difficult to secure, given the low reimbursement rates for medical services, as set by the Executive Office of Health and Human Services.² The low reimbursement rates make it difficult to schedule some types of treatment with medical providers who are reluctant or refuse to accept current reimbursement rates for

¹ This assumption is made based on an expectation of a return to "normal" levels of the annual increase of the maximum weekly compensation rate set by the DIA. The rate change set by the DIA on October 1, 2021 was a dramatic 13.8% increase from the previous year. In contrast, annual increases from the three previous years were 3.9%, 3.4% and 3.4%.

² Effective October 1, 2021, the rate of payment set by the Executive Office of Health and Human Services for hospital outpatient workers' compensation charges decreased from 62% to 58%. The rate had been reduced the previous October from 66% to 62%.

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service. The requested budget increase would help secure the best medical care for our employees to help bring them back to work as soon as possible and off of the Town's weekly Workers Compensation payroll. Below is a summary of the average weekly payroll for our Town employees who receive Workers' Compensation benefits:

YEAR	WEEKLY AVERAGE
FY22 (as of 3/17/22)	\$7,252.95
FY21	\$6,520.99
FY20	\$6,671.11
FY19	\$6,671.11
FY18	\$4,919.28
FY17	\$3,457.00

As the chart shows, since the last Workers' Compensation budget increase in FY17, weekly indemnity costs have risen a total of 109.8%. To manage that cost, an increase in the annual Workers' Compensation is requested.

Taking into consideration all of the standard claims/loss factors as well as the nature of the Town's specific workers' compensation experience rates over the past decade (inclusive of the factors previously detailed), it is projected that the costs associated with the existing claims (including inactive and retired employee claim tails but excluding claims redeemed) and the anticipated new compensable injuries will result in FY23 payments that level off at a rate that is slightly higher than pre-pandemic levels. Accordingly, it is recommended that the \$540,000 Workers' Compensation budget be considered for an increase of \$40,000 to \$580,000 in FY23. As noted above, the FY23 budget seeks to provide an appropriate amount for projected FY23 claims, funds loss reserves, address potential litigation claims/loss exposure and provides funds for the appropriate redemption of existing claims.

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WORKERS' COMPENSATION

Fiscal Year	Weekly Indemnity Benefits Paid	Medical Benefits Paid	Totals		Original Budget
2010	\$188,399.00	\$90,612.00	\$281,021.00		\$490,000.00
2011	\$283,907.31	\$171,101.92	\$455,009.23		\$490,000.00
2012	\$200,929.00	\$113,347.13	\$314,276.13		\$490,000.00
2013	\$241,132.96	\$135,328.86	\$376,461.82		\$490,000.00
2014	\$236,198.12	\$131,103.68	\$367,301.80		\$490,000.00
2015	\$256,334.96	\$186,296.31	\$442,631.27		\$490,000.00
2016	\$235,907.65	\$188,106.97	\$424,014.62		\$490,000.00
2017	\$179,764.06	\$122,631.38	\$302,395.44		\$540,000.00
2018	\$255,802.91	\$195,357.75	\$451,160.66		\$540,000.00
2019	\$346,897.82	\$174,766.42	\$521,664.24		\$540,000.00
2020	\$362,913.28	\$105,556.61	\$468,469.89		\$540,000.00
2021	\$339,091.60	\$174,766.42	\$513,858.02	<i>low same → deferred from previous years</i>	\$540,000.00
2022	\$228,153.43	\$55,831.12	AS OF 2/10/22 \$283,984.55 + RATED, NOT PAID (\$37,222.19) + W/COMPTROLLER (\$4,919.55) + EST. KNOWN SURGERY (\$40,000.00)		\$540,000.00 - weekly payments - medical payments - sometimes lump sum
			\$366,126.29 (INCLUDING ADDITIONS) \$594,955.22 (PROJECTED)		<i>Indemnity + medical costs going up yearly payments</i> Rates paid set by state haven't kept pace with actual costs ex: 8K v. 2.3K soon comp longer + longer + B/C could stopped surgery

- age of workforce
 - weather: snow for DPW
 - unlucky/random -

From: Tara Bradley <tarawbradley@gmail.com>
To: Tara Bradley <tbradley@town.arlington.ma.us>
Date: 03/21/2022 04:22 PM
Subject: Fwd: Workers Comp

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----- Forwarded message -----

From: **Bill Kellar** <billkellar11@gmail.com>

Date: Wed, Mar 16, 2022 at 9:22 PM

Subject: Re: Workers Comp

To: Sophie Migliazzo <SMigliazzo@town.arlington.ma.us>

Cc: Al Tosti <abtosti@outlook.com>, <charlie.foskett@foskettco.com>, <Dmckenna077@gmail.com>, Tara Bradley <tarawbradley@gmail.com>

Thanks, Sophie...first off, this is a timely request and I do not feel rushed...we meet to review the FY2023 Insurance budget, including WC, this Tuesday with presentation at FinComm meeting next Wed. In past years, I have found Town Counsel to be extremely thorough in explaining and justifying the WC budget number. It is up to Sandy as to what number to put into the WC budget line; the table you provided will help us better understand the request.

Best...Bill

On Mar 16, 2022, at 6:27 PM, Sophie Migliazzo <SMigliazzo@town.arlington.ma.us> wrote:

Al, Bill -

When Dave and I met with Doug Heim and Mike Cunningham to review the Legal Department budget, they made us aware of a looming need for more funds for Workers Compensation. Workers Comp not being in our budget, they just gave us an overview of the issue but we explained they would have go over it

with the team reviewing the Insurance budget.

Attached is a photo of the table they gave us, including my notes. I believe they were going to go back to Sandy about needing to increase the budgeted amount of \$540,000. It looks from the attached they will need an extra \$60k, at a minimum.

In case you haven't already heard about this, we wanted to make sure to raise it now to leave time to deal with it hopefully without a rush. Apologies for not raising it even sooner.

Regards,
Sophie

<workers comp.jpg>

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Tara W. Bradley
tarawbradley@gmail.com
(802) 673-2782